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28 January 1966

MEMORANDUM FOR: Acting Director, Research and Reports

FROM: Acting Chief, Military-Economic Research Area, ORR

SUBJECT: General Thomas' Comments on EIC (*attached*)

REFERENCE: Letter from General Thomas to Chairman, EIC,
dated 10 January 1966

1. As I interpret General Thomas' comments (referenced above) he recommends in general terms: (a) a revision of DCID 3/1; (b) a review of the adequacy with which the EIC is exercising its responsibilities; and (c) the formation of a subcommittee to "monitor" the uses to which economic intelligence is put in military planning -- to this last end he appends terms of reference for such a subcommittee. It is clear that we need more information on the specific problems General Thomas has in mind before we can evaluate the merits of his proposals. Therefore my summary recommendation is that the next step in this exercise should be a request for amplification. It might be well to have an informal conversation with General Thomas, himself, on these proposals before they go very much further.

2. With respect to a revision of DCID 3/1 to "allow for the formation of DIA", General Thomas apparently is unaware that the version which he cites (dated 25 July 1963) was superseded by DCID 3/1 (New Series), effective 23 April 1965. This new version -- in Paragraph 2.a.(1) -- deleted reference to the military services and assigned responsibility to the "Department of Defense." We presume that DOD directives spell out the respective roles of DIA, NSA and the services.

3. General Thomas suggests that a revised DCID 3/1 "... also might contain a more explicit statement on the assignment of responsibilities for the costing of foreign weapons systems and military forces." My impression is that these responsibilities are reasonably well understood within the community. At present, for example, CIA performs the basic costing for the NIPP, the JAG studies, and such

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other community-wide studies as are generated -- with this work made available for detailed review by other agencies. I doubt that very much of value would come out of a current attempt to define more closely relationships which have developed largely on a de facto basis.

4. For your information, in this connection, General Thomas seems also to be unaware that in a letter to the Director dated 5 February 1965 Mr. Vance (responding for Secretary McNamara) stated that CIA should continue to have primary responsibility for studies relating to the cost and resource impact of foreign military and space programs; that DIA should cooperate with an augment CIA's capability particularly with respect to comparative costing (cost effectiveness?) problems; and that the Assistant Secretary of Defense (Comptroller) should coordinate and integrate DOD requests for foreign cost and resource analysis. The role of DIA as stated above was earlier formulated by General Carroll in a letter to the Director dated 31 October 1963.

5. Turning now to the subcommittee terms of reference attached to General Thomas' letter: I recommend your position be that it is difficult to evaluate this request on the basis of information in our possession. It would help if the Air Force could bring in some concrete examples of the kind of thing to which the General inferentially refers. Item a. suggests that more suitable types and modes of presentation be sought through monitoring by a subcommittee of the EIC. In all important respects that we are aware of, the community has never been closer to the consumer (OSD, CIA/DIA-JAG, ACDA, for examples) nor has it ever had more direct or more detailed guidance as to the specific needs (content, timing, etc.) for national intelligence for military planning.

6. As to item b. it would seem out of place for the EIC to attempt to dictate the qualifications to be included in the NIEs and other studies. It might be well to point out that CIA does attempt by all means at its disposal to suggest appropriate qualifications in our reports and in the conversations we have had with users. ORR has published material outlining the basic methodology and the strengths and weaknesses of data, and most recently, in effect, updated that work in its contribution to the Memorandum to Holders of NIE 11-4-65.

7. The intent of items c. and d. in the terms is unclear. If USIB "organizations" and "agencies" refer to the intelligence community it would seem there is nothing to discuss or decide. Work

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can be requested if it is not included in presently planned internal research. General Carroll has already expressed interest in having DIA do cost-effectiveness analysis. External research, however, clearly raises a whole set of problems when the "controlled dissemination" aspect of national intelligence is involved. All intelligence contracts over \$5,000 we already subject to review. If on the other hand research and contracts outside the community are being referred to, I would think that any action would be beyond the scope of the authority of the USIB.



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